i. high trading gains or

ii. providing a priority access to the Indian spot crude market or

iii. a levy of cess on petroleum products.

As the cost would be eventually borne by domestic refineries/companies and/or passed on to the consumers in some form, non of the suggested models appear feasible or cost effective.

LPG as a declared good

1598. SHRI JAYANTILAL BAROT: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is a fact that LPG has been notified a declared good under the Central Sales Tax Act;

(b) if so, whether the benefit has been passed on to the consumer in respect of LPG cylinder, and

(c) if not, by whom the difference has been retained?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA J. PATEL): (a) Yes, Sir.

(b) and (c) In the post Administered Pricing Mechanism (APM) era, domestic LPG and PDS Kerosene are partially subsidized by Government from the fiscal budget. Additionally, the oil companies are also bearing huge under-recoveries in marketing domestic LPG. Despite steep increase in the prices of crude oil and petroleum products in the international market, the domestic selling prices of domestic LPG have not been revised since 5/11/2004. This has resulted in huge under-recoveries to oil companies. The Government has reduced customs and excise duties on domestic LPG to Nil with effect from 1/3/05. Further, in the last Union Budget for 2006-07, domestic LPG has been categorized as "Declared Goods" so that the sales tax levied by State Governments are pegged at 4%. All these steps have been taken to reduce the losses/under-recoveries suffered by PSU oil marketing companies in marketing the subject product.

The subsidies on domestic LPG for the years 2002-03, 2003-04, 2004-05, 2005-06 and 2006-07 (up to Dec'06-estimated) per 14.2 KG domestic LPG cylinder are tabulated below:

Per Unit Subsidy (Rs./Cyl.)

	From Govt. Budget	By Oil Companies	Total
2002-03	67.75	62.27	130.02
2003-04	45.18	89.54	134.72
2004-05	22.58	124.89	147.47
2005-06	22.58	152.46	175.04
2006-07 (Apr.-Dec.'06)	22.58	154.51	177.09

Reduction in sales tax has helped oil marketing companies in reducing their under-recoveries incurred on selling domestic LPG at below their cost.

CNG pipeline network in Andhra Pradesh

1599. SHRI SUDARSHAN AKARAPU: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether Government have drawn up a plan for laying a gas pipeline network from KG basin to Hyderabad and other important cities in the State of Andhra Pradesh for supply of compressed natural gas (CNG);

(b) if so, the details thereof; and

(c) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA J. PATEL) (a) to (c) Reliance Gas Transportation Infrastructure Limited (RGTIL) has been authorized to lay Kakinada-Hyderabad-Uran-Ahmedabad gas pipeline, which would supply gas from offshore fields of KG Basin to Hyderabad, as also other cities of Andhra Pradesh. Expressions of Interest (EoI) for taking capacity in the gas pipeline have been invited for Kakinada-Hyderabad-Bhopal pipeline to be laid by Gujarat State Petroleum Corporation Limited (GSPCL). Expressions of Interest (EoI) have also been invited for Vijayawada-Nellore-Chennai and Kakinada-Basudebpur-Howrah gas pipeline to be laid by RGTIL.